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**REMARKS AND BILL SUMMARY INCLUDED

SENATOR KENNEDY HIGHLIGHTS IMPORTANCE OF HEALTH IT

HEALTH IT CUTS COSTS AND IMPROVES QUALITY OF CARE

BOSTON, MASSACHUSETTS- Senator Edward M. Kennedy today outlined the importance of health information technology at the Blue Cross Blue Shield Association's health care policy conference entitled, "Saving Lives: Safeguarding Care." Health IT can not only save an estimated $140 billion in excess cost to our health care system, but can dramatically improve the quality of care for patients through electronic medical records.

Senator Kennedy said, "We don't just have a quality gap in this country, we have a quality chasm. Doctors repeat tests that have already been performed. Residents take histories that have already been taken. Patients show up for doctor's appointments that are often a waste of time, because tests have already been performed but the results haven't been delivered. IT systems can help close this gap by enhancing the coordination of care, providing guidance on best methods of care, and reminding busy physicians when it's time to schedule preventive screenings. I'm proud that the Commonwealth is at the forefront of Health IT through the creation of the Massachusetts e-Health Collaborative, and I am committed to continue to find the resources to help lead Massachusetts into a new era of modern medicine."

Today, one out of every four patients arrives at the doctor's office and learns that needed test results or patient records are not available. Senator Kennedy believes that promoting health technology will eliminate unnecessary burdens for patients and doctors alike. Health IT can improve the quality of healthcare through improvements in preventive care, reduction of errors and a more efficient use of time and resources. For example, a computerized system can eliminate the misinterpretation of handwriting on prescriptions- or with more accessible and centralized patient information, doctors will be less likely to unknowingly order a duplicate procedure.

In the U.S. Senate, Senator Kennedy has introduced bipartisan legislation, the Wired for Heath Care Quality Act of 2005, to set national standards for improved care, quality and affordability in the health care system. Senator Kennedy, along with Blue Cross Blue Shield of Massachusetts, has supported the efforts of the Massachusetts eHealth Collaborative (MAeHC), which is beginning to create interconnected networks of electronic health records across Massachusetts to reduce burdensome regulation and improve the quality of health care for its citizens.

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SENATOR EDWARD M. KENNEDY REMARKS ON HEALTH INFORMATION TECHNOLOGY AT BLUE CROSS/BLUE SHIELD SYMPOSIUM: "SAVING LIVES, SAFEGUARDING CARE"

I'm honored to be here today with so many distinguished leaders on improving the quality of health care. I commend the Blue Cross Blue Shield Association for hosting this impressive conference.

I'm also pleased to welcome Sir Michael Rawlins to Boston. He's the Director of Britain's National Institute of Health and Clinical Excellence, which is a world leader in promoting a better quality of health care, and we have much to learn from the Institute.

As you know, health care is a long-standing interest of mine in the Senate. We've focused in recent months on health information technology and I'm proud that the Commonwealth is at the forefront of the issue through the creation of the Massachusetts e-Health Collaborative, not to mention your many other important initiatives at Partners Healthcare and across the state.

Thanks to the generosity and vision of Cleve and his colleagues at Blue Cross/Blue Shield, the Collaborative has the resources to help lead Massachusetts into a new era of modern medicine. With the talents, energy, and dedication of all of you here and colleagues throughout the state, the Collaborative is realizing that goal and showing the way for the nation.

Projects supported by the Collaborative have great potential for improving medical care in the computer age and making good care far more widely available and affordable for all our citizens. It's a model of cooperation among doctors, hospitals, insurance companies, foundations, community groups and the state government. It'll be a new health information system for the future, and Congress and the nation have much to learn from you.

Six years ago, the Institute of Medicine reported that medical errors cause 98,000 deaths every year. According to the National Patient Safety Foundation, forty-two percent of Americans have been affected by a medical error, either personally or through a friend or relative. A third of those affected say that the error did significant permanent harm to the patient's health. The exact figures are the subject of debate, but it's clear that far too many preventable deaths occur in current health care. For even one patient to die needlessly is unacceptable, and the study rightly became a call to action for Congress, the Administration and the medical profession.

Our response is broad-based. New technology, new ideas, and new ways of practicing medicine all have a role in improving the quality of care and saving lives. In this audience, I know I'm preaching to the choir when I say that information technology has extraordinary

potential to revolutionize the practice of medicine. Many of you are among the nation's leaders in using electronic medical records, decision support software, computer prescribing, electronic billing, and other innovations that give patients the best possible care and keep costs under control.

We don't expect airline pilots to navigate by looking at the stars or identifying local landmarks. Engineers no longer rely on slide rules to design buildings to withstand hurricanes or earthquakes. In virtually every field but medicine, professionals use computers to enhance their skills. Yet in medicine, we expect doctors to remember the possible interactions of the dozens of medications that a patient may be receiving. Under these circumstances, the surprise is not that so many errors occur, but that they don't occur even more often.

The evidence that IT systems can save lives is undeniable. In terms of drug safety alone, the RAND Corporation estimates that by using computerized order entry, we could prevent over 2 million adverse drug events, and 1 million additional days in the hospital.

We don't just have a quality gap in this country. We have a quality chasm, as the IOM called it. Doctors repeat tests that have already been performed. Residents take histories that have already been taken. Patients show up for doctor's appointments that are often a waste of time, because tests have already been performed but the results haven't been delivered.

IT systems can help close this gap by enhancing the coordination of care, providing guidance on best methods of care, and reminding busy physicians when it's time to schedule preventive screenings. At the VA, which is a national leader in using IT to improve quality, patients get better preventive services than almost any other patient group in America – on measures like proper cholesterol screening, eye exams for diabetics and proper immunization against pneumonia.

Electronic medical records can clearly improve the quality of care, and they can also improve our ability to track drug safety, detect epidemics before they spread, and decide which kinds of treatment are most effective for patients. These records can be critical in a natural disaster. The devastation of Hurricane Katrina was compounded because most hospitals kept their records on paper. As a result, the medical histories of tens of thousands of hurricane survivors have now been irretrievably lost, and the Administration should be doing much more to make the investments to see that the nation benefits from these innovations.

Information technology doesn't just improve the quality of care – it reduces costs too. According to the Institute of Medicine, each prescription error prevented saves $4,000 in additional care. This isn't only a theory. Since 1996, when the Veterans Administration began investing significantly in IT, its costs per patient actually decreased 7%, at a time when private sector costs increased 62%.

Excessive administrative costs like that are burdening the whole health care system. We spend over $500 billion a year on administrative costs – nearly 33 cents of every health care dollar. Administrative costs are already very high, and are growing 50% faster than other health costs. It costs as much as $20 to process a single insurance claim with paper records – and

nearly half the 18 billion insurance claims in America are settled in this old-fashioned way. Paper-based records are prone to error. About one in four insurance claims is initially rejected because of errors – but only 1 in 10,000 ATM transactions have errors.

Despite clear evidence that health IT saves lives and cuts costs, its use is still scandalously low. America's health care should be the envy of the world, but nations from Australia to Scandinavia have outpaced us in their use of IT. In Sweden and the Netherlands, nine out of ten primary care physicians use an electronic medical record. In Britain, Austria, Finland and many other nations, it's over half, but in the United States, less than a quarter of all doctors use electronic medical records.

Congress obviously needs to address the significant barriers to the adoption of IT. Many providers don't have the financial ability to absorb the costs of buying the equipment, to go through the transition to computer systems, or to train staff. It costs a physician's office about $30,000 and much aggravation to install IT. The savings tend to come in over the longer term. But the costs are immediate, and that's a major barrier for hospitals, physicians, and nursing homes already drowning in red ink. More savings go to payers than providers. If a diabetic can be kept out of the hospital by better management of his illness through information technology, the hospital loses revenue.

The bipartisan legislation I've sponsored with Senator Enzi, Senator Frist, Senator Clinton and many other colleagues can help overcome these significant barriers. Success will require the development of standards on interoperability and other technical measures and our bill creates a public-private consultation to develop the needed standards.

Obviously, standards without federal resources are not enough to achieve the kind of modern health system we all want. That's why our legislation included financial assistance to cash-strapped providers to encourage the use of IT that meets common technical standards. The legislation provides this assistance in three ways. It authorizes direct grants to needy providers to use IT. It provides financial assistance to establish regional networks. And it creates a Federal-State public-private partnership to modernize the health care system by enabling States to make low interest loans to help health professionals acquire the IT they need.

Getting the right hardware and software to doctors is only half the battle. It is essential to see that they have access to the knowledge resources necessary to make IT systems a success. Our legislation establishes a Best Practices Center where IT users can learn from the previous experience of others who have established such networks. It sets up a Help line at HHS to assist providers with technical questions on implementing IT and complying with technical requirements. To help doctors sort through the confusing array of options for IT, we establish a certification program so that any provider can quickly determine whether a particular IT system meets the applicable technical standards.

Even though the potential of health IT to transform medicine is remarkable, technology alone is not enough to bring more efficient and safer health care. We need a change in the culture of health care too.

The IOM recommended that health professionals should be encouraged to report medical errors, without fear that their reports will be used against them. Legislation we passed earlier this year establishes patient safety organizations to analyze medical errors and recommend ways to avoid them. It creates a legal privilege for material reported to the safety organizations, while seeing that original records remain accessible to patients. We want medical professionals to feel secure in reporting errors without fear of punishment, while protecting patients' existing legal rights.

I hope that the patient safety law and the IT legislation are the beginning of real action on patient safety – not the conclusion. Thanks to the brilliant research of NIH, we know much about cells, molecules and DNA – but we know too little about which medical practices lead to the best outcomes for patients, or about cultural and behavioral factors that have a profound impact on health. In an era when consumers can use the internet to look up the history of the car they may buy, and can get quotes over the phone on mortgage costs, it is shocking that patients have so little access to information on their health care. We live in an information age, but medicine once again lags behind. The latest ads for blockbuster drugs are everywhere, but little is said about whether these drugs really work better than less expensive alternatives.

This new century may be only five years old, but it's already being call the "life sciences' century." Its real promise is not so much that scientists will achieve miracles in the laboratory, but that health professionals will be able to use these breakthroughs to improve care for patients. For that to happen, we need to transform medicine so that quality is at the top of the agenda, not an after-thought. The federal government has a leading role in making it happen. The very title of one of IOM's most important reports, *Leadership by Example*, highlights the central role of the federal government in transforming the quality of health care.

But it's really you who will achieve it. You've already made major progress in Massachusetts. I commend you for all you've done so far, and I look forward very much to working closely with you in the years ahead to realize the full potential of this basic issue we both care so much about.

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<u>The Wired for Health Care Quality Act</u>

Background

The need to invest in modernizing health care cannot be ignored any longer. Patient care declines in quality when physicians do not have access to timely information about the patients they serve. Health care costs skyrocket when tests or procedures are duplicated because critical records are missing or inaccessible. Wasting scarce health care dollars on needless administrative costs drives up insurance premiums, and means that care is less affordable and less available.

IT systems linked securely and with strong privacy protections to a patient's medical records can improve care by warning a doctor or nurse if an order or prescription may harm a patient. These systems can issue reminders for screening tests, so that needed preventive care is not overlooked. Computerized records also allow doctors to look at a patient's entire medical record at once, improving care coordination in our fragmented health care system.

The savings from better IT use are enormous. The Federal government's estimate is that the nation would save $140 billion each year from proper IT use. These savings from health IT could cut the cost of a family's insurance policy by over $700. Despite the benefits of investment in health IT, utilization is low. The Wired for Health Care Quality Act will give health care providers the assistance they need to invest in lifesaving health IT.

The legislation enhances the development of standards for IT and improves Federal use of health IT by:

$ Requiring the developments of standards on interoperability and other technical measures for health IT system, and establishing a public-private consultation to develop those standards.

$ Ensuring that strong protections for privacy and security are a central element of these standards.

$ Authorizing in statute the National Coordinator for Health IT.

$ Requiring all Federal IT purchases to conform to these standards.

The legislation provides financial assistance to cash-strapped providers to enhance their use of IT systems that meet these technical standards by:

$ Giving grants to financially needy providers to enhance their use of health IT.

$ Providing financial assistance to establish regional health IT networks.

$ Creating an innovative Federal-State public-private partnership to modernize the health care system by allowing States to fund low interest loans to help health care professionals in financial need acquire the health care IT systems that will improve the quality and efficiency of health care.

The legislation will help providers improve use of IT to improve quality by:

$ Establishing a Best Practices Center where IT users can learn from the previous experience of others who have established regional health IT networks.

$ Setting up a Help line at HHS to assist providers with technical questions on implementing IT systems and complying with technical requirements.

$ Funding novel training programs to help train health professionals at the start of their careers in better use of IT.

$ Establishing a certification program so that providers can quickly determine whether particular IT systems meet the applicable technical standards.

$ Developing risk-adjusted measures of health care quality through extensive consultation with health professionals, and providing for reporting of the degree to which health care providers receiving funds achieve those measures.

$ Studying licensure requirements of physicians to see if these impose barriers to better use of health IT and telemedicine.

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